

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
AUDIT COMMITTEE MEETING OF APRIL 16, 2015

The Audit Committee and members of the Board of Fire and Police Pension Commissioners of the City of Los Angeles met at the LACERS Board Room, located at the Los Angeles Times Building, 202 W. First Street, Suite 500, Los Angeles 90012 on Thursday, April 16, 2015.

COMMITTEE

MEMBERS PRESENT: Robert von Voigt, Chair
Corinne Tapia, Vice Chair
George Aliano

COMMITTEE MEMBER

ABSENT: Cielo Castro

OTHER COMMISSIONER

PRESENT: Ruben Navarro

AUDIT COMMITTEE

SUPPORT STAFF: Erin Kenney, Departmental Audit Manager

DEPARTMENT OF FIRE AND

POLICE PENSIONS: Raymond P. Ciranna, General Manager
William Raggio, Executive Officer
Joseph Salazar, Assistant General Manager
Barbara Nobregas, Commission Executive Assistant

CITY ATTORNEY'S OFFICE: Alan Manning, Assistant City Attorney

Chair von Voigt called the meeting to order at 8:34 a.m. All of the above Commissioners were present at the start of the meeting as noted.

1. SUBSIDY PROGRAM AUDIT – HEALTH PLANS ADMINISTERED BY THE UNITED FIREFIGHTERS OF LOS ANGELES CITY; AND POSSIBLE COMMITTEE ACTION

Ms. Erin Kenney, Departmental Audit Manager and Mr. James Yeung, Internal Auditor IV presented the subsidy program audit of health plans administered by United Firefighters of Los Angeles City (UFLAC).

Mr. Yeung stated that the specific objectives were to determine whether LAFPP accurately paid health subsidies, and if UFLAC provided health coverage to members receiving the

subsidies. Staff did not find exceptions in reviewing the data. However, nine members did not have the proper documentation of dependents covered under the members' plans. It appeared that these were older enrollees. Currently, UFLAC is in the process of collecting the documentation. Overall, UFLAC has a comprehensive process for verifying dependent eligibility. Staff suggested that UFLAC formalize its current practices and perform periodic audits to ensure accountability and compliance with their policies.

Ms. Kenney thanked Ms. Chris Wan, Controller and Mr. Brian Hishinuma, Treasurer from UFLAC; Mr. Anthony Torres, Senior Management Analyst II, Medical and Dental Benefits Section and his staff; and Pensions Division staff.

General Manager Ciranna stated that staff will work with UFLAC on their operating agreement and the issues pointed out in the audit to assist both parties. Staff will report to the Board at a future meeting.

MOTION

Commissioner Aliano moved that the Audit Committee:

1. Review the Subsidy Program Audit – Health Plans Administered by the United Firefighters of Los Angeles City (UFLAC), and;
 2. Recommend that it be communicated to the Board to be reviewed, received, and filed, seconded by Commissioner Tapia and approved by the following vote: ayes, Commissioner Aliano, Tapia and Chair von Voigt – 3; nays, none.
2. SUBSIDY PROGRAM AUDIT – HEALTH PLANS ADMINISTERED BY THE LOS ANGELES POLICE PROTECTIVE LEAGUE; AND POSSIBLE COMMITTEE ACTION

Ms. Erin Kenney and Mr. James Yeung were before the Committee. Ms. Kenney stated that since 2002 the LAFPP subsidy program has provided subsidies for dental plans administered by the Los Angeles Police Protective League (LAPPL).

Mr. Yeung stated that the objective, scope, and test procedures of the audit were essentially the same as performed for UFLAC. LAPPL receives dental subsidies only for covered members as they do not provide medical coverage. He provided an overview of the audit process. Staff concluded that LAFPP accurately paid subsidies, and LAPPL provided dental care coverage to those members receiving subsidies. Both LAFPP and LAPPL management agreed with Internal Audit Section's conclusions and results.

Ms. Corina Lee, Director of LAPPL thanked both LAFPP and LAPPL staff for their outstanding work on the audit, indicating it is a great working relationship.

MOTION

Commissioner Aliano moved that the Audit Committee:

1. Review the Subsidy Program Audit – Health Plans Administered by the Los Angeles Police Protective League (LAPPL), and;
 2. Recommend that it be communicated to the Board to be reviewed, received, and filed, seconded by Tapia and approved by the following vote: ayes, Commissioner Aliano, Tapia and Chair von Voigt – 3; nays, none.
3. **CONTRACT AMENDMENT WITH BROWN ARMSTRONG ACCOUNTANCY CORPORATION FOR FINANCIAL AUDIT SERVICES; AND POSSIBLE COMMITTEE ACTION**

Ms. Erin Kenney stated that Ms. Connie M. Perez, Partner, was participating telephonically, and Ms. Alaina Sanchez, Senior Accountant from Brown Armstrong Accountancy (Brown Armstrong) was in the audience.

Ms. Kenney presented the recommendation to amend the contract with Brown Armstrong. Staff is satisfied with the quality of work. Additionally, staff is in the process of the completing the full implementation of the new Governmental Accounting Standards Board Statements No. 67 and 68. Staff believes it is prudent to keep the current financial team in place. Brown Armstrong has proposed the same fee as charged with last year's audit in the amount of \$79,568.00. The fee amount has been included in the proposed fiscal year budget.

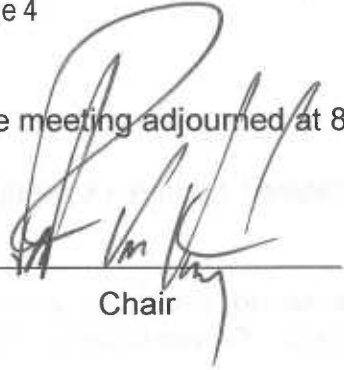
MOTION

Commissioner Tapia moved that the Audit Committee recommend that the Board execute a contract amendment with Brown Armstrong Certified Public Accountants (Brown Armstrong) to extend the contract for an additional one-year period, and at an amount not to exceed \$79,568.00 to provide financial statements auditing services consistent with the current contract, seconded by Aliano and approved by the following vote: ayes, Commissioner Aliano, Tapia and Chair von Voigt – 3; nays, none.

4. **GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION**

There were no public comments.

The meeting adjourned at 8:45 a.m.

A large, stylized handwritten signature in blue ink, written over a horizontal line. The signature is highly cursive and difficult to decipher.

Chair

A handwritten signature in blue ink, written over a horizontal line. The signature appears to read "Raymond V. Jensen".

Secretary